

MEDIA STATEMENT

25 August, 2017

RISKY BUILDING COMPANIES TO BE INVESTIGATED

Queensland building companies operating under high-risk financial circumstances are the target of a new crackdown by the Queensland Building and Construction Commission (QBCC).

QBCC Commissioner Brett Bassett said the State's building industry regulator was launching a proactive review into licensees who were considerably over their maximum revenue limits.

"The QBCC supports a growing and sustainable building construction industry, and this is a measure to help businesses which may have grown too fast without realising it," Mr Bassett said.

"If operators grow too fast, there's a risk they could come unstuck.

"Maximum revenue limits are set for a good reason, and they help ensure that companies and contractors don't exceed their capacity to complete the work for the customer.

"Prior to October 2014 the QBCC required licensees to submit annual financial records, but this requirement no longer exists.

"The QBCC's new review will help ensure that companies in high-risk financial circumstances can reassess their situation and minimise their risk.

"In our experience, we've found that there can be a strong link between companies that exceed revenue limits and subsequently later struggle to maintain viability.

"We've heard of unscrupulous operators chasing contracts just to secure the deposit, maintain cash flow and pay their liabilities, without ever intending to finish the job. Essentially these people are robbing Peter to pay Paul.

"If we find that happening, we will use the full force of the law to take enforcement action," Mr Bassett said.

The QBCC requires licensees to hold minimum net tangible assets before they exceed certain revenue limits. This requirement promotes viable business practices and helps ensure a licensee is financially stable to complete a customer's job.

Mr Bassett said a review of the licensing system showed that some licensees were operating significantly over their maximum revenue limits.

"Businesses that are growing quickly need to ensure that they have appropriate management and financial systems in place, and that they satisfy the QBCC's asset tests," Mr Bassett said.

It's expected that more than 200 licensees will be required to prove to the QBCC they have the assets and financial capacity to handle the contracts they've taken out, when the investigation begins soon.

Licensees are encouraged to ensure they are meeting their financial requirements, and can contact the QBCC on 139 333 if they have any questions, or visit www.qbcc.qld.gov.au for more information.

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